

## America's Small Business Resource

Caribbean E-Outlook is a publication of the U.S. Small Business Administration Puerto Rico and U.S. Virgin Islands District Office

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### For More Information:

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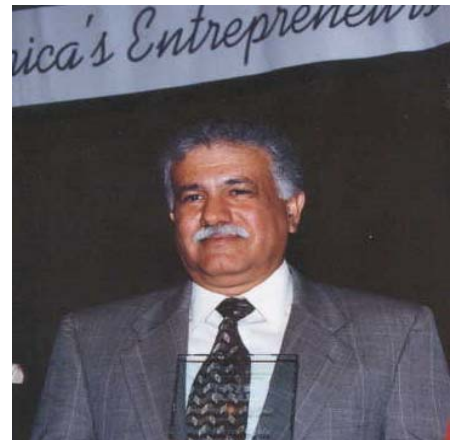
## SBA-Backed Electronics Manufacturer Grows From \$1.5 Million to \$24 Million in Six Years

Winston Churchill once said "the substance of the eminent Socialist gentleman's speech is that making a profit is a sin, but it is my belief that the real sin is taking a loss". No losses at Manufacturing Technology Services, Inc. (MTS), that's for sure. This local electronic circuit assembler has increased its revenues by more than \$20 million in only six years of operations. Company president Luis Rivera-Oyola says he owes it all to hard work, commitment, perseverance, and "to the SBA, who has been key to our development".

It was the year 1996 when MTS came to life, soon after a company called Tellular International, Inc. closed down operations, leaving 60 persons unemployed, among them Rivera-Oyola. But, his extensive experience in manufacturing, electronics, and engineering guided him to greener pastures. He first obtained a commercial loan with Banco Popular guaranteed by the Economic Development Bank for Puerto Rico. A few months later, the need to purchase additional machinery and equipment took him to the doors of the U.S. Small Business Administration (SBA) Puerto Rico and U.S. Virgin Islands District Office, who approved a loan guarantee under its 7(a) Program.

"One of the most important aspects of the SBA is how it helps the economy. The Agency supports programs aimed towards special projects and indirectly helps reduce unemployment," says Rivera-Oyola, who holds a Masters of Science in nuclear engineering and an MBA in industrial management.

During its first phase of operations and with only 12 employees, MTS bought out Tellular's contracts in Puerto Rico, which included manufacturing high-powered cellular phones. The company closed the year with almost \$1.5 million in sales, most of which were invested in broadening company services and accommodating new client needs. "The first few years of a business are always the hardest, and one will experience losses," the engineer declares. "But we re-invested a million dollars after the first year and began to grow."



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# Online Registration Opens for SBA's National Entrepreneurial Conference and Expo

## Events to Take Place September 17-19

**Online registration is now available for the U.S. Small Business Administration's annual celebration honoring America's top entrepreneurs and the National Small Business Person of the Year.**

The SBA's National Entrepreneurial Conference & Expo (NECE), in Washington, D.C., September 17-19, 2003, is being held in conjunction with a series of events throughout the country to mark the SBA's 50<sup>th</sup> anniversary.

"The SBA is proud to honor the men and women whose hard work, entrepreneurial spirit and perseverance have helped to create jobs and to fuel the economy," said SBA Administrator Hector V. Barreto. "Small business plays a vital role in creating opportunities for millions of Americans, and these successful small business owners deserve recognition for their achievements."

Business owners and other individuals interested in taking part in NECE may now register for events online at <http://www.sba.gov/50/>. Complete information about the Expo and the SBA's 50<sup>th</sup> anniversary events is available on the SBA's conference Web site. The site will be updated regularly with new event information.

The three-day SBA event, to be held at the Washington Hilton & Towers hotel, will feature award ceremonies and presentations by notable speakers from industry and government on issues of vital interest to the small business community, including a

*Celebrating Women in Business* event recognizing the contributions of women business owners. A small business "Hall of Fame," honoring the highest achievements in entrepreneurialism, will be inaugurated during the conference.

The *National Small Business Person of the Year* will be selected from among 50 state Small Business Persons of the Year, plus one each from the District of Columbia, Puerto Rico and Guam. Two runners-up will also be named.



The Expo will also offer a series of business sessions designed to provide small businesses with useful, practical and tangible advice, assistance and insight, including Managing Your Business, Emerging Markets, Procurement Opportunities, Small Business Financing, eBusiness, International Trade, Tax Relief, Health Care, Contingency Planning, Veteran Business Development and Leadership.

This year's conference features a Procurement Matchmaking event that will bring together prime and sub-contractors with small businesses to make business deals, as well as an Expo featuring over 175 exhibitors, including small businesses, corporate entities, international interests, and federal and state governments.

### Events to Celebrate NECE

- ***Celebrating Women in Business*** to honor a dynamic group of women entrepreneurs. These women represent the changing face of entrepreneurship, heading companies from a construction firm to a shoe designer;
- ***Golden Anniversary Hall of Fame*** to honor highest achievements in entrepreneurialism, and will inaugurate 25 notable U.S. companies that received SBA assistance;
- ***Trade Show & Expo*** featuring over 175 exhibitors, including small businesses, corporate entities, international interests, federal and state governments;
- ***Business Sessions*** designed to provide small businesses with advice on Financing Opportunities for Growing Companies, International Trade, Expanding Opportunities, Managing your Business, Procurement and e-Business;
- Administrator Hector V. Barreto will host a ***Town Hall Meeting*** with small business owners and corporate CEOs;
- Annual celebration honoring the ***State Small Business Persons of the Year***; and
- The ***National Small Business Person of the Year*** will be announced.

### PR SBDC Turns 5!

The Puerto Rico and U.S. Virgin Islands District Office wishes to congratulate the Puerto Rico Small Business Development Center (PR-SBDC) on its fifth anniversary.

The PR-SBDC is a partnership agreement between the SBA and the Inter American University of Puerto Rico. It represents the most extensive business assistance network on the Island, delivering its services from nine regional locations throughout the Inter American University's Arecibo, Bayamón, Fajardo, Ponce, San Juan, and San Germán campuses, the San Juan Lead Center, an International Trade Center, and a center at the Caguas City Hall.

During the past five years, the PR-SBDC network has provided direct counseling to 12,500 clients, including prospective and small business concerns, and has reached 83,500 participants through its training programs. Congratulations!

### UPCOMING EVENTS

#### MED Week Sept. 3-5

Date: 9/3/03

Place: Añasco, Puerto Rico

Location: Blanca Convention Ctr.

Time: 3:30 PM – 6:00 PM

Date: 9/4/03

Place: Ponce, Puerto Rico

Location: Ponce Casino

Time: 3:30 PM – 6:00 PM

Date: 9/5/03

Place: San Juan

Location: Embassy Suites Hotel

Time: 8:30 AM – 12:00 Noon

MTS was awarded contracts with Sensormatic, General Instruments and Intel. Sensormatic later commissioned MTS to manufacture its product line, which is distributed on the Mainland. About 25% of the products manufactured were exported to Spain, Italy, Argentina, and Mexico.

Currently, a great part of the products sold to companies locally are used to manufacture other products bound for export. The distribution in Spain and Italy of products manufactured by MTS was made possible by its ISO 9002 quality control system certification. This certification is necessary to do business in Europe and MTS is the only local company to have achieved this standard.

Four years ago, MTS received a contract to manufacture remote meters for the Puerto Rico Electric Power Authority. These meters contain an electronic circuitry that allows the utility to read the meter from a central office, rather than from the site. As of today, over 50 percent of the contract order has been completed.

Also, MTS has received a \$1.2 million contract to manufacture these meters for stateside jurisdictions. According to Rivera-Oyola, about 10% of MTS manufacturing stays on the Island, and 90% is exported stateside.

It is MTS' philosophy that, strategically located at the center of expanding world markets, Puerto Rico's geographical position works to the advantage of the industry with proven, fast, efficient, distribution systems.

Due to the number and size of the electronics manufacturers on the Island, the presence of an electronic contract manufacturer with the capability to support outsourcing activities provides a competitive advantage.

A year and a half ago, the company established manufacturing operations in Ireland with approximately 40 employees. It has also opened a plant and in the Dominican Republic with close to 25 employees. The company has invested \$1 million in Ireland and \$200,000 in the D.R.

More recently, MTS signed a contract with California-based Vectron, Inc. to manufacture an automated ocular inspection system to ensure quality and precision in the production of integrated circuit boards that are part of electronic products such as cellular phones, digital cameras, and computers.

The inspection technology, known as K2-AOI, would become a standard throughout Asia, creating thousands of jobs in Puerto Rico and generating millions of dollars worth in sales.

As of April of this year, MTS now with 300 employees, has generated \$24 million in sales. Rivera-Oyola expects to report \$30 million in sales during FY 2003. His new venture? Medical electronics and related areas.

"In this industry you need to be in constant movement. To be viable, we need to be front-line. Puerto Rico serves as a model because it consumes a lot of technology," the entrepreneur assures.

## LOAN PRODUCTION IN PR & USVI (AS OF 7/31/03)

Lender / CDC	# of Loans	\$\$\$ Value
Banco Popular de Puerto Rico ♦	459	\$43,823,200
Banco Santander Puerto Rico	106	\$15,047,900
Banco Bilbao Vizcaya Argentaria	35	\$3,721,900
Scotiabank de Puerto Rico	6	\$650,000
Grow America Fund, Inc.	5	\$395,000
FirstBank VI	3	\$365,000
Business Loan Center	2	\$1,206,000
RG Premier Bank	2	\$250,000
Doral Bank	2	\$215,000
Eurobank	1	\$342,760
Economic Development Bank for PR	1	\$322,000
Cooperativa de Ahorro y Crédito Aguada	1	\$210,000
Government Development Bank VI	1	\$50,000
Marketing Development Corp. *	18	\$6,871,000
COFECC*	10	\$5,489,000
North PR Local Development *	4	\$2,221,000
PR Business Development Corp. *	1	\$675,000

♦Includes loans in VI

\* CDC



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